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DIRECTORATE OF  
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# *Central Intelligence Bulletin*

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VENEZUELA: The two major political parties appear to have reached a tentative agreement on future policy on petroleum.

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[redacted] have discussed ground rules for next year's election campaign and agreed to avoid making an issue of petroleum. The subject was then pursued at a lower level, and agreement was reached on petroleum prices and relations with the oil companies prior to and after 1983, when the reversion of foreign concessions begins.

Both parties agreed that foreign capital and technology were necessary for Venezuela's economic and social development and that relations with the foreign--mainly US--oil companies must be "sensible," giving the companies a reason to invest.

Both parties have been under heavy pressure from local business leaders to end the nationalist rhetoric of recent months. Petroleum revenues are flagging, and investor confidence is being seriously undermined by the cold war with the oil companies. Business leaders have tried to impress upon Venezuelan politicians the necessity of obtaining additional foreign capital to explore and develop new petroleum fields and to generate the revenues needed to maintain economic and social programs.

Although both major parties may try to keep the petroleum issue out of the election debate, the parties of the far left are under no such restriction. They have traditionally played on the fears of the people regarding foreign control of Venezuela's most important industry and are almost certain to do so again. The two major parties would be vulnerable to charges--however unfounded--of selling out to foreign oil interests. If the presidential race is close, as expected, either one might be tempted to seek a cheap political advantage by raising the issue to rally nationalist sentiment behind its candidate.

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